

§ 160A-17.2. Security interests in United States Department of Agriculture loans.

(a) A county or municipality may pledge a security interest in an escrow account funded with loan proceeds, or a certificate of deposit, to secure repayment of the loan, only if the loan is an interest-free loan agreement entered into with the United States Department of Agriculture or an authorized intermediary acting on behalf of the United States Department of Agriculture. Any such escrow account must be substantiated by a written escrow agreement, and the funds must be deposited in accordance with G.S. 159-30 and G.S. 159-31. Any certificate of deposit shall comply with the requirements of G.S. 159-30.

(b) An interest-free loan agreement entered into under this section is subject to approval by the Local Government Commission under Article 8 of Chapter 159 of the General Statutes, unless exempted in G.S. 159-148(b).

(c) No deficiency judgment may be rendered against any county or municipality in any action for breach of a contractual obligation authorized by this section. The taxing power of a county or municipality is not and may not be pledged directly or indirectly to secure any moneys due under a contract authorized by this section. (2015-207, s. 3.)